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RUEHBY/AMEMBASSY CANBERRA PRIORITY 2198
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RUEHOT/AMEMBASSY OTTAWA PRIORITY 0508
RUEHFR/AMEMBASSY PARIS PRIORITY 0526
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C O N F I D E N T I A L SECTION 01 OF 03 PHNOM PENH 000328

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SUBJECT: WHITHER FUNCINPEC? DOWN BUT NOT YET OUT

Classified By: Pol/Econ Chief Margaret McKean, Reason 1.4 (b) and (d)

11. (C) Summary. Since Hun Sen's outreach to opposition leader Sam Rainsy, the Prime Minister and his party have spoken about ruling coalition partner FUNCINPEC in increasingly negative and strident tones. Hun Sen recently criticized FUNCINPEC for being more interested in graft and less interested in competency of its public officials, and rejected a FUNCINPEC proposal to divide all state education positions between the two parties. Two CPP insiders related to the Embassy their own frustrations with FUNCINPEC. Not to be outdone on the reform front, FUNCINPEC is considering a proposal whereby voters would have the opportunity to vote on individual lawmakers in elections, rather than simply voting for a political party. End Summary.

Prime Minister Tries to Distance Himself from FUNCINPEC

12. (U) Prime Minister Hun Sen has been on a public offensive against ruling coalition partner FUNCINPEC for much of the past week. On February 14, the Prime Minister railed against FUNCINPEC's interest in buying government positions or seeking slots for unqualified relatives. Hun Sen was quoted as saying that FUNCINPEC appointees were often not qualified for their positions, and he faulted FUNCINPEC leader Prince Norodom Ranariddh for failing to ensure that only qualified applicants' names were being forwarded for consideration. The PM also noted that in addition to filling the government with incompetent people, FUNCINPEC made continued demands for remuneration and financial benefits in return for joining the CPP-led government. FUNCINPEC's poor relationship with the CPP has been instrumental in convincing Hun Sen of the utility of Sam Rainsy's proposal to amend the Constitution and allow the formation of a government under a 50 percent plus 1 formula. Under the SRP-proposed change, any party that achieves 50 percent plus one of the National Assembly seats would be in a position to form a government, and there would be no need to seek minority parties as coalition partners. The PM has welcomed the proposed amendment, saying it would help to prevent the protracted political deadlock and negotiations that followed the 2003 elections.

13. (U) The PM also rejected a FUNCINPEC proposal that would have divided all of the education and teaching positions within the government and state-run schools between the CPP and FUNCINPEC, saying that educational positions should not

be subject to political patronage quotas. FUNCINPEC had originally suggested that the government divide the slots according to the 70/30 ratio based on the two respective parties' percentage of National Assembly seats. As a further slap at the royalist party, the Prime Minister spoke out against mistresses and wives of government officials using their relationships to further the careers of relatives and as a means to collect bribes. (Note: Some reporters consider the PM's reference in this instance to be directed at the mistress of Prince Ranariddh. End Note.)

14. (U) In response to the Prime Minister's criticisms, FUNCINPEC leader and National Assembly President Prince Norodom Ranariddh called Hun Sen's refusal to divide up the nation's teaching and administrative posts in the educational sector "narrow minded." The Prince said that PM's negative attitude and treatment of his coalition partner could threaten stability within the government. Other FUNCINPEC officials agreed, with MP Monh Saphan saying that Hun Sen's withdrawal from any coalition would run counter to former King Sihanouk's vision of national unity and political cooperation. Battambang FUNCINPEC MP Mrs. Ky Lum Ang said that the government political appointments for both the CPP and FUNCINPEC are based on a quota system and FUNCINPEC has no more or no less than its agreed-upon share. As for competency of officials, if the PM is unhappy with FUNCINPEC officials, the FUNCINPEC parliamentarian suggested he propose a solution to Prince Ranariddh rather than trying to score political points in the press. She acknowledged that both FUNCINPEC and CPP have corrupt and/or unqualified people in the government, and that any reforms to address the problem must be applied to both parties.

15. (U) In another step designed to counter CPP accusations

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of incompetency and corruption among FUNCINPEC officials, Prince Ranariddh has proposed that Cambodian voters be allowed to cast ballots for individual candidates, and not just political parties. With the proposal still under consideration within FUNCINPEC, royalist party members contend that such a system would be more democratic, reduce corruption, and make public officials more accountable to the population. Some observers believe that the FUNCINPEC-proposed system would favor wealthy candidates, who would have more resources to devote to campaigning. Within the SRP, some officials have suggested that FUNCINPEC is trying to copy Sam Rainsy and the Prime Minister, who have been capturing headlines for the past week with proposals of new reforms.

CPP Insiders Relate Disenchantment with FUNCINPEC

16. (C) In a February 16 meeting with Pol/Econ Chief, MOI Secretary of State Prum Sokha underscored CPP unhappiness

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with FUNCINPEC and welcomed opposition leader Sam Rainsy's return as an opening for real reform in Cambodia. He noted that the PM considers FUNCINPEC as the main obstacle to reform in Cambodia, and a political liability for the CPP. Prum Sokha added that following the 2003 elections, he had been a strong advocate for a CPP-SRP alliance, but that Hun Sen had opted to form a government with FUNCINPEC, because the PM thought they would be an easier partner to manage. Unfortunately, he continued, FUNCINPEC officials have simply taken advantage of their access to government positions for purposes of corruption. They have bloated the staffing of ministries with relatives and party members without consideration of qualifications or interest in the jobs. Half the time, complained the MOI official, they do not bother coming to work but simply collect their salary.

17. (C) Senior Advisor to the PM, Om Yentieng, told DCM February 16 that the PM is fed up with FUNCINPEC. He

recounted how Prince Ranariddh's mistress had been forwarding names of officials to be appointed and that Ranariddh had then sent them along to the PM without any review. (Note: Yentien has long complained to us of Ranariddh's insistence on appointing various officials. End Note) Yentien said, "the coalition with FUNCINPEC has cost us dearly." Expanding on the idea, he said that FUNCINPEC had had no interest in anything but its own enrichment, with little interest whatsoever in the country's development. The PM had been unable to implement reforms, he argued, due to FUNCINPEC's bad performance. In time, Yentien said, this would hurt the CPP at the polls.

Not All FUNCINPEC Officials Pleased with Ranariddh

18. (C) Dr. Sina Than, FUNCINPEC MP for Kampot Province, said that he supports Hun Sen's criticisms of FUNCINPEC and blames party leader Prince Ranariddh and FUNCINPEC Secretary General Prince Norodom Sirivuddh for having failed the party. Without a competent government, Cambodia will continue to be unattractive to foreign investment, said the FUNCINPEC official. Because of corruption and nepotism, the party is losing support from the people and talented officials, such as the SRP's Mu Sochua, have left the party. Dr. Sina Than said he worked hard for the party and performed well as Secretary General of the National Assembly, Deputy Governor

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of Phnom Penh, and Deputy Governor of Kampot. Despite his strong record of public service, he was transferred from the positions because he refused to succumb to corruption and accepting bribes and kickbacks that in turn would pass to the FUNCINPEC party leadership. The FUNCINPEC official is very pessimistic about the party's future.

Comment

19. (C) FUNCINPEC is currently everyone's favorite whipping boy, and has come under criticism from a number of politicians in the CPP and SRP -- and its own membership. However, while FUNCINPEC has admittedly its fair share of corrupt officials with a penchant for graft and cronyism, they are by no means alone. It is also disingenuous for the Prime Minister to make himself out to be the victim of

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FUNCINPEC avarice and that he has been unable to do anything about it until now, when it is clear that FUNCINPEC takes its orders from the CPP and not the other way around. But the Prime Minister's remarks do underscore longstanding CPP disenchantment with their ruling coalition partner and growing resentment that FUNCINPEC has contributed little to the government while taking more than its fair share.
Mussomeli